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ABSTRACT

This document is the final report describing the experiences, effectiveness, and findings of a home ownership literacy program in El Paso, Texas. It is asserted that such a program was and is necessary because the adult education programs that presently exist typically are not sufficiently addressing the practical, real-life needs of the participants. Many adults lack sufficient knowledge to make informed decisions about home ownership even when these same people have sufficient financial means to be homeowners. To this end, the El Paso Community College Community Education Program (formerly known as the Literacy Center) develops and/or implements instructional materials that relate directly to the interests and lives of the participants. The content of this instruction includes health, transition to college, using libraries, obtaining college financial aid, note-taking, writing resumes, applying for jobs, visiting museums, preventing and dealing with domestic violence, and other subjects that may be relevant to participants' interests. This program specifically sought to address the lack of knowledge of home ownership opportunities and procedures while participants' concurrently learned and/or improved English reading, writing, and speaking communication skills. The goals of the project were to conduct classes at 12 sites consisting of 60 hours of instruction for at least 120 students over the course of 12 months, with an 80% successful completion rate. With due caution, the authors assert that this report relates specifically to the situation in El Paso, and that those wishing to imitate its success should be sure that any instruction is based in the contextual realities of a given community. (KFT)

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Fannie Mae/El Paso Community College Home-Ownership Literacy Program

Final Report

January 1, 1999-December 31, 1999

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Background/Problem Statement

In El Paso approximately 120,000 adults do not have the necessary literacy skills to participate fully in family, education, employment and community life. According to 1990 census data, 120,000 adults have not obtained a high school diploma, and of these, 78,000 have not completed ninth grade. Twenty two percent of El Paso's population age 18 to 64 speaks almost no English and another 20% speaks English less than fluently. Twenty nine percent of the entire population lives in poverty and approximately 10% of the adult population is unemployed.

There are many programs that offer adult basic education in our community. However, these programs use traditional educational methodologies and are not being successful in addressing either the educational or the real life needs of the participants. For example, many adults lack sufficient knowledge to make informed decisions about home ownership. However, much of the curricula used by traditional programs is devoid of any contextual parameters that may relate to any aspect of everyday life experienced by this population. As a result, most students become frustrated with class content and drop out. Even those students who complete lengthy multilevel educational programs find that they are not ready to tackle the complexities of everyday life.

It is becoming evident that for classes to be successful, the content of instruction needs to be relevant to the participants' needs and lives. To address this need, the El Paso Community College Literacy Center (now called the Community Education Program-CEP) develops and/or implements instructional materials that relate directly to the interests and lives of the participants. Content of instruction for students in El Paso Community College CEP classes include health, transition into college, using libraries, obtaining college financial aid, note-taking, writing

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resumes, applying for jobs, visiting museums, preventing and dealing with domestic violence, and other subjects that may be relevant to the participants' interests.

To address the gap in home ownership knowledge, the EPCC CEP developed a program to help participants gain knowledge about home ownership, while they concurrently learn or improve their English reading, writing, and speaking communication skills. In order to accomplish this goal, the following goal and measurable objectives were proposed:

Goals and Objectives

Goal: Conduct twelve classes consisting of 60 hours of home ownership literacy instruction each for a total of not less than 120 students over the course of 12 months, with an 80% successful completion rate

Objective 1: To recruit at least 120 students to participate in home ownership Literacy classes

Objective 2: To adapt the Five Step instructional approach developed at the EPCC Literacy Center to the Fanny Mae home ownership literacy curriculum

Objective 3: Develop student pre-test and post-test instruments to be used to evaluate student learning accomplished

Objective 4: To partner with HACEP to recruit residents of public housing to participate in classes

Objective 5: Finalize scheduled days, times, and locations for each of the twelve classes

Outcomes

The objectives were met. A total of 181 students completed the program. Home ownership literacy instructors facilitated content appropriate instruction, using the Five-Step model. Pre-test and post-test instruments were developed to assess student progress. A partnership with HACEP was developed to recruit public housing residents to participate in classes. Twelve classes were offered in several community sites throughout El Paso over the last 12 months. The following narrative details the evolution of the program.

The Fannie Mae/El Paso Community College Home Ownership Literacy Program began operating on January 11th, 1999. Two instructors with background in real estate were hired. A third instructor was hired in August, 1999. These instructors provided home-ownership literacy instruction in 12 English literacy classes offered by the El Paso Community College (EPCC) CEP, between January and December 1999. The instructional sites were:

Socorro Ramirez Community Center: Located in the Sparks colonia. Colonias are poor areas of the community which may lack potable water, sewer systems, lack electricity, paved roads and other utilities. The Socorro Ramirez Community Center is located in El Paso's East side.

Montana Vista Community Center: Located in the Montana Vista colonia in East El Paso.

Rio Vista Community Center: Located in the Rio Vista colonia in El Paso@s east Lower Valley.

Roosevelt apartments (Housing Authority of the City of El Paso-HACEP): Located in the Northeast Enterprise Community.

Sandoval apartments (HACEP): Located in West El Paso

Family Investment Center (HACEP): A community center built and managed by HACEP, located in El Paso's Central Area.

Alta Vista Elementary School (El Paso Independent School District): Located in central El Paso.

San Elizario Elementary School: Located in a colonia in El Paso's East-Lower Valley.

Rio Grande campus (EPCC): Located in down town El Paso

Valle Verde campus (EPCC): Located in East El Paso

Mision del Paso campus (EPCC): Located in East El Paso

Seven home ownership literacy classes consisted of 12 hours of instruction weekly for a period of five weeks or a total of 60 hours of instruction. Three classes consisted of 4 weeks of instruction, or a total of 48 hours of instruction. Two classes consisted of 3 weeks of instruction or a total of 36 hours of instruction. The length of instruction varied depending on the students@ interest in the topics, and time available during a semester. Home ownership literacy classes were offered in existing CEP classes. CEP classes consist of approximately 150 hours of instruction. CEP offers free literacy classes throughout El Paso from January to May, from May to August and from September to December.

A total of 181 students completed home ownership literacy instruction. This is a total of 61 more students than we had proposed to serve. The demographic characteristics are listed below.

Ethnicity	100% Hispanic
Gender	90% Female
	10% Male
Single	16%
Married	68%
Divorced	16%
Students who are parents	88%
Average age	38 years
Average number of children	3 per household
Average education	7 grade in Mexico

Classroom instruction was divided between the classroom instructor (the classroom instructor spends the full session with the students, approximately 150 hours of instruction per semester) at each site, and the home-ownership literacy instructor. The home ownership literacy instructor spent two hours providing home ownership literacy information, working with students on lessons in the text *How to Buy your Own Home* and answering questions from the students regarding home ownership issues. During the third hour, the classroom instructor would engage the student in language acquisition activities, using home ownership literacy information discussed during the previous 2 hours.

The home ownership literacy instructors identified the following topics as relevant to the students in El Paso:

Home ownership, visualizing owning your dream home
Applying for a loan
Purchaser's job history
Income history
Understanding a Mortgage
Purchaser's credit history
Financing choices
Tours of Houses
Applying for homestead exemption
Contesting taxes
Prepaying mortgage to save on interest
Difference between a deed of trust vs a contract of sale
Difference between a notary public and lawyer in preparation of documents
Importance of a title company
Contracts for Deed and Rights

The instructors reported that the students showed literacy improvements in the following areas: increased understanding of terminology related to home ownership, ability to use terms in sentences and paragraphs, improved pronunciation of new terminology, writing paragraphs describing homes and calculating income to debt ratios used by mortgage companies. The instructors tried to teach the students ten home ownership terms per week and how to use them in sentences. By the end of a home ownership literacy class, the students had learned 40 to 50

terms (a list of terms that students would master during class is attached in the appendix). In addition, students learned where and how they could obtain credit reports, how to read and interpret a credit report, strategies to improve their credit histories if their credit was not good, the different types of financing available, how to claim homestead exemptions, and how to refinance a loan.

Several students went to the local bureau and obtained credit reports. Some, with bad credit histories, developed a plan of action to improve their credit. Furthermore, several students began to complete the paperwork necessary to purchase a house. While the majority of the students who started the process did not meet the income to debt ratios to obtain a mortgage at the time, they were very encouraged by the prospect and decided to make the necessary lifestyle changes to pursue home ownership. Students learned that they could obtain 1% to 3% financing for 33 years with no down payment through a special program available to economically disadvantaged new home owners. Through this program, the payments on a $65,000 house are approximately $400 a month. A lot of the students were not ready to purchase homes yet but realize that buying a house was much more affordable than they had originally anticipated. They also stated that they were going to share the learned information with friends and relatives.

Unexpected issues emerged during the classes. Many colonia residents are either home owners or land owners. Yet, they purchased real estate through contracts of sale directly with the property owners rather than through a title company. The interest on some of these contract is very high. Furthermore, the only legal documentation that the students sought before signing the contracts, was verifications from notary publics. Unlike in the US, in Mexico a notary public has the authority to establish that a contract is legal and binding. Since most colonia residents are Mexican immigrants, they think that a notary public has the same authority in the US and Mexico. Two students related that they purchased homes directly from the owners and paid in cash. They thought that the signature validation of a notary public was the only legal verification that they needed. In both cases, the sellers had defaulted on loans for the properties that they sold. Ultimately, the properties were repossessed by the original lenders and the students lost the cash.

In classes in the colonias, the home-ownership literacy instructors spent time explaining to the students the difference between going through a title company and signing a contract directly with a property owner. The instructors also explained to the students that notarized contracts with home owners are not necessarily legal contracts. Instructors also explained to the students that in purchasing directly from property owners they were missing opportunities to obtain low interest financing. Instructors also showed the students the process to have their properties refinanced through a mortgage company, and how to pre-pay the mortgage to save on the interest.

Because contracts of sale, or contracts for deed are such a problem in El Paso, CEP has joined a local housing collaborative. The purpose of this collaborative is to provide information to residents of El Paso regarding their consumer rights as home owners or potential home owners. Home ownership literacy instructors provided students with a brochure on this topic (attached in the appendix). Furthermore, the collaborative is planning to develop a flyer containing home ownership information and contact telephone numbers to distribute throughout El Paso. Presently, Home-ownership literacy instructors are visiting all CEP instructional sites and asking that students come up with lists of questions regarding home ownership issues. These questions will serve to develop the flyer.

Another issue that emerged during classes related to foreclosures. A few students had lost their homes prior to attending the class. While their experiences were very unfortunate, they shared their circumstances with the rest of the students in a class. For example, one student related that after her divorce she lost her home because her ex-husband did not continue making payments on the property as he had been instructed. She learned of the foreclosure when she received an eviction notice. Instructors used opportunities like this to discuss the importance of always knowing the status of mortgage payments in order to anticipate and prevent foreclosures.

In addition, instructors explained to the students how to claim homestead exemptions and how to contest their taxes. Some home owners had not applied for homestead exemptions or knew what that meant. Furthermore, some students were paying very high property taxes and did not know that they could appeal them.

Assessment

With help from the coordinator, the instructors developed a home ownership literacy pre-assessment and post assessment and an instructors summary report. A copy of each of the instruments is attached.

Ninety six students completed the pre assessment. From the pre assessment, we determined that 37 the students were already property owners (colonia residents are usually property owners). None of the students knew all the steps they needed to follow to buy a home. The majority of the students knew that they had to pre-qualify to buy a home. None of the students knew how to calculate the percentage of the monthly income that they could use towards a house payment. The majority of the students would like to have house payments between $200 and $400. The majority of the students did not know what agency assesses taxes or what is included in the mortgage payment

Eighty one students completed the post assessment. According to the post assessment, all students felt that it was better to own a house than to rent one. Thirty five students stated that they already owned a house, twenty two students stated that they were ready to buy a house and 24 responded that they were not ready yet. Students stated the it would be difficult to own a house because they owed too much money, they were unemployed, they had an unstable job situations, they didn't have enough money, or they didn't have good credit. However, students felt that it would be easy to buy a house despite the bureaucracy because there was plenty of help available to advise them about all the steps and information needed.

The majority of the students became familiar with the steps to purchase a home; they learned about financial opportunities; or they learned how to calculate the percentage of the monthly income that they could use to buy a house. Twenty two students stated that they were ready to purchase a home within the next year. Unfortunately, when they calculated their income to debt ration, or when they obtained credit reports , they determined that they would have to realize lifestyle changes in order to fulfill their dreams. However, they were encouraged by the prospect and decided to take the necessary steps to become home owners.

Final Note

On a final note, while the text book *How to Buy your Own Home*, facilitated by Fannie Mae, is a very good instructional tool, it should not be the only tool. It is important to realize that each community is different, and home ownership related issues will vary from community to community. Many of the issues that emerged in the classes in El Paso are particular to this community and may not appear in other locations. By the same token, issues that emerge in other places, may not appear in El Paso. Therefore, in facilitating home ownership literacy instruction, it is important that instruction is based in the contextual realities of a given community. The Housing collaborative also suggested that information about contracts for deed and buyer rights be included in the Fannie Mae textbook.